



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

January 27, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (FOURTH QUARTER 2008)

In response to the increased level of CRA activity in the County and the Chief Executive Office's (CEO) augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2008. Attached is the latest Quarterly Report covering activities during the fourth quarter of the calendar year. As we indicated in the initial report to your Board, and consistent with the Board-approved policies and procedures, the CEO works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

If you have any questions, please contact me, or your staff may contact Robert Moran at (213) 974-1130.

WTF:LS
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Attachment

c: Auditor-Controller
County Counsel

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COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Fourth Quarter 2008

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
City of Rosemead Amendment to Project Areas Nos. 1 and 2.	1st ^t	Notice of Preparation	December 19, 2008
City of Santa Fe Springs Amendments to Washington Blvd and Consolidated Projects.	1st	Notice of Preparation	December 19, 2008

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
None			

Major Ongoing or Emergent CRA Issues

Baldwin Park (First District)

Issue: The City proposed changes to its Central Business District Redevelopment Project in order to allow for the development of a transit-oriented residential and retail project.

Status: The CEO expressed concerns that the proposal did not meet the blight requirements consistent with Community Redevelopment Law. The City postponed the adoption of the amendment, and offered to remove residential properties from the proposal. Subsequently, the City withdrew the entire proposal.

Commerce (First District)

Issue: The City is proposing an increase to the cap of Project Area No. 1.

Status: The CEO, in conjunction with County Counsel, will work with the City to confirm compliance with Community Redevelopment Law, which requires findings of significant remaining blight, and a nexus between the requested cap increase and the projects proposed to eliminate the remaining blight.

El Monte (First District)

Issue: The City proposed changes to its Downtown Redevelopment Project in order to allow for the development of a transit-oriented project. The proposed changes include a ten-year extension of the Project and adjustments to the County pass-through share of tax increment in order to fund infrastructure improvements.

Status: The CEO informed the City that a contribution of County tax share would be in the form of a loan which would require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's plans. The County's consultant is waiting for information requested of the City's developer.

City of Industry (First District)

Issue: The City sponsored a bill (SB 1771) to extend its three redevelopment projects by ten years. The reason given for extension was to support the provision of low-income housing. The extensions would have a very significant negative impact on the County's future share of tax increment.

Status: The CEO, with the assistance of your Board and other officials, expressed our concern to Legislative representatives. At the bill's first hearing, the author withdrew the bill. The City is moving forward with its NFL Stadium project. The CEO learned that recent State budget negotiations included a proposal to extend redevelopment projects in exchange for some short-term benefit to the State. The long-term negative impact to the County, State, and all other taxing agencies would be tremendous. The CEO will continue to monitor this process.

Rosemead (First District)

Issue: The City is proposing a merger of two existing project areas.

Status: The CEO, in conjunction with County Counsel, will work with the City to confirm compliance with Community Redevelopment Law, which requires findings of significant remaining blight.

Santa Fe Springs (First District)

Issue: The City is proposing to add new areas to existing redevelopment project areas.

Status: The CEO, in conjunction with County Counsel, will work with the City to confirm compliance with Community Redevelopment Law, which requires findings of significant remaining blight. CEO staff toured the site, and expects to receive the Preliminary Report in the coming weeks.

South El Monte (First District)

Issue: The City proposed the County invest a portion of its share of tax-increment to assist in financing a number of redevelopment projects.

Status: The CEO informed the City that a contribution of County tax share must be in the form of a loan which would require repayment in the out years. The City's most recent proposal did not provide sufficient future tax increment to ensure full repayment of the deferral. The City recently withdrew the proposal.

South Gate (First District)

Issue: The City is contemplating a new redevelopment project, and asked the CEO to review its initial proposal. The amount and value of the area proposed to be placed in redevelopment is very significant.

Status: CEO staff toured the proposed project area. The CEO recently received the Preliminary Report, and will report its analysis of the blight findings and fiscal analysis to your Board soon.

Litigation

Glendora (Fifth District)

Issue: The City adopted Project No. 5 on July 18, 2006. The Project would merge three of the City's existing redevelopment areas; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

Status: The County filed a lawsuit objecting to the Project on the grounds that the proposed new Project Area No. 5 does not meet the blight requirements; Project No. 3 lacks significant remaining blight to justify an increase in the project cap; the Agency has not made a finding of public benefit required to merge the projects; and the evidence presented by the City was outdated and misleading. The decision by the Trial Court was in favor of the County. The City has filed an appeal and the County filed its response to the City's opening brief.

Los Angeles - City Center and Central Industrial (First and Second Districts)

Issue: The Agency adopted the City Center Redevelopment Project on May 15, 2002, and the Central Industrial Project on November 15, 2002. Both projects included areas which were formerly in the existing Central Business District (CBD) Project, which reached its court-validated (Bernardi) project cap.

Status: Your Board authorized challenges to these projects, and trial court judgments were in favor of the County. Both judgments were appealed, and the Court of Appeal said that both projects were partially invalid, so far as they sought to divert property taxes from former CBD areas. The County agreed to a settlement that will affirm that the CRA will not receive tax increment from former CBD areas, but can receive tax increment from areas that were not formerly in CBD. The settlement agreement was accepted by the Court, and the Auditor-Controller released the tax increment being held in trust to the CRA and all taxing entities, including the County General Fund, in July. For 2007-08, the amount paid to the General Fund for the City Center and Central Industrial Projects was approximately \$11.5 million (inclusive of interest).

Overall CRA Statistics

Active CRA Projects	313
Pending CRA Projects	12